

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
THE PETROLEUM UNDERGROUND STORAGE TANK
REMEDIATION, UPGRADE AND CLOSURE FUND FACT SHEET
(June 2004)

On August 30, 1997, Governor Whitman signed the law establishing the Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund (UST Fund) within the New Jersey Economic Development Authority (NJEDA) and administered jointly with the New Jersey Department of Environmental Protection (NJDEP). The UST Fund provides loans and grants to eligible owners and operators of regulated and non-regulated petroleum underground storage tanks to help finance project costs for the upgrade and closure of State regulated underground storage tanks and remediation of discharges from regulated and non-regulated underground storage tanks. The UST Fund was amended on August 15, 2003 and these changes are reflected in this revised Fact Sheet.

ELIGIBLE APPLICANTS

- Eligible owners and operators of a business with regulated tanks that:
 - (1) Own or operate <10 petroleum underground storage tanks in NJ;
 - (2) Have a net worth of less than \$2 million; and
 - (3) Can demonstrate the inability to obtain a commercial loan (two bank denial letters)
- Homeowners with leaking underground home heating oil tanks
- Public entities that own or operate underground storage tanks (only eligible for loans)
- Tax-exempt, non-profit organizations with less than 100 paid employees
- Duly incorporated volunteer fire, ambulance, first aid, emergency or rescue companies
- Independent colleges and universities of NJ

AVAILABLE FUNDING

Funding is available in the form of loans and grants. The NJEDA determines applicant's eligibility for loan and/or grant awards.

Loans

Loans may be awarded for up to 100% of eligible project costs up to \$2 million per facility. Loans for eligible project costs up to \$3 million per facility may be awarded for sites located in a State-designated Planning Area 1 (Metropolitan) or Planning Area 2 (Suburban) or if contamination from the UST threatens a drinking water source. Interest rates, which generally range between 2% and the Prime Rate, are determined by the NJEDA. Public entities are awarded interest-free loans. Loan term may not exceed 10 years and may require establishment of a property lien.

Grants

Conditional hardship grants may be awarded for up to 100% of eligible project costs up to \$500,000 per site. Grants for eligible project costs up to \$750,000 may be awarded for sites located in a State-designated Planning Area 1 (Metropolitan) or Planning Area 2 (Suburban).

To qualify for a conditional hardship grant, homeowner applicants must have a taxable income of less than \$200,000 and a personal net worth, exclusive of applicant's primary residence and pension, of less than \$200,000. Business applicants must have a net operating income before taxes of less than \$200,000 and a

personal net worth, exclusive of applicant's primary residence and pension, of less than \$200,000. Independent colleges and non-profit organizations that have less than 100 paid employees are eligible to apply for grants. For a business to qualify for a conditional hardship grant, tanks must have been continually owned or operated since December 1, 2002. The law also places certain conditions on **businesses** that receive grants from the UST Fund. When a business is awarded a grant, the NJEDA places a lien on the facility property. If the property is operated in the same manner for 15 years, the lien will be removed. If the property is sold during that 15-year period, the grant must be repaid immediately upon sale. The grant repayment is reduced 20% each year, starting with year 11, if the property is sold between year 11 and 15. Homeowners who receive grants are not subject to any lien or repayment provisions.

IMPORTANT FACTS TO CONSIDER

- Funding is not available for remediation associated with a petroleum underground storage tank that was removed or closed prior to the effective dates of the Federal and State UST regulations.
- Funding is not available for above ground storage tanks or for underground storage tanks containing products other than petroleum.
- State or Federally regulated underground storage tanks must be registered in order to be eligible.

APPLICATION PROCESS

Since the UST Fund is administered jointly by the NJDEP and the NJEDA, a two-step application review process is conducted to determine funding eligibility and approval. Once an NJDEP application is received, the information provided is reviewed to determine whether the application is complete and if the applicant meets the minimum technical and financial eligibility requirements. The NJDEP application cannot be processed without an adequate scope of work and reasonable cost estimate(s), as determined by the NJDEP. The NJDEP's review process takes approximately 60 working days. Upon completion of its review, the Department will forward eligible applications to the NJEDA.

For all applicants, the NJEDA will request a \$250.00 application fee and necessary financial information. For all applicants other than public entities, the NJEDA will conduct a financial review of the required information to determine either the applicant's eligibility for financial assistance in the form of a loan, grant or loan/grant combination. For public entities, there is no review of financial information.

If an application is deemed eligible for financial assistance, the applicant's funding request must be approved by the NJEDA Board of Directors, which meets the second Tuesday of each month. After the NJEDA Board of Directors approves funding for an applicant, the NJEDA will issue its closing documents to the applicant for the loan and/or grant. The applicant then has 120 days from the receipt of the notice of approval for the funding to submit to the NJEDA an executed contract for the upgrade, closure, and/or remediation of the underground storage tank(s).

Following receipt and review of project activity invoices and receipts, the NJDEP will authorize the NJEDA to release a portion of or the total funding request, as appropriate. In some instances, the NJDEP may authorize the NJEDA to release a portion of the total funding award based on project needs. Note that the NJEDA issues a two party check made out to the applicant and their contractor. If cancelled checks are provided along with project invoices, a single-party check may be issued to the applicant.

AVAILABLE UST FUNDS

As of December 2003, approximately \$120 million has been dedicated to the UST Fund. If, at any time, there are insufficient funds available to accommodate all requests for funding, the NJEDA will institute the following priority system for awarding money from the UST Fund:

1. Discharges which pose a threat to a drinking water source, human health or an ecological area
2. Closure of Federally regulated tanks
3. Upgrade of State only regulated tanks under the Heating Oil Extension Program
4. Closure of State only regulated tanks
5. Remediation of a leaking HOMEOWNER heating oil tank
6. Remediation of a Federal or State regulated tank

APPLICATION AND OVERSIGHT FEES

NJEDA has the following application fees:

- \$250 for leaking homeowner tanks;
- \$500 for non-residential tanks up to 6 tanks
- \$1,000 for non-residential tanks for 7-9 tanks

NJDEP does not require a fee to process an UST Fund application, however, the Department does directly bill any applicant who receives funding for the Department's "oversight costs" through the NJDEP Direct Billing Unit. Oversight costs represent time spent by NJDEP technical personnel for review of project information regarding tank upgrade, closure and remediation activities. Following project completion, applicants are billed for the Department's project oversight costs. For questions regarding the NJDEP direct billing process, please contact the Direct Billing Unit at (609) 292-1966.

NJ HEATING OIL EXTENSION

The State of New Jersey allowed State regulated underground storage tanks (greater than 2,000 gallons) that were in use to store heating oil at a non-residential property to continue to operate under the Heating Oil Extension program. Sites that requested and received an extension from the NJDEP can apply to this fund for monies to upgrade their underground storage tanks. This extension for regulated tanks does not include underground storage tanks used to store fuel oil (i.e., gas station tanks).

REIMBURSEMENT OF COSTS

The UST Fund will reimburse a homeowner for reasonable costs that were incurred for remediation of a leaking heating oil tank prior to filing an application as long as the applicant is the current owner of the subject property. Independent colleges and universities of NJ are also eligible for reimbursement of certain project costs incurred on or after December 1, 1996.

APPLICATIONS ARE POSTED ON THE NJDEP WEBSITE AT www.nj.gov/dep/srp

ELIGIBLE PROJECT COSTS

- ◆ All reasonable costs for equipment, work and services associated with the minimal effective system to upgrade, close or remediate a regulated underground storage tank used to store petroleum products.
- ◆ Replacement of a leaking homeowner heating oil underground storage tank with an equivalent underground or aboveground storage tank system.
- ◆ Reasonable and necessary consulting, contracting and engineering costs.
- ◆ Remediation of discharges from leaking homeowner heating oil underground storage tanks.
- ◆ Limited legal fees incurred specifically for the actual remediation of an environmental insult (i.e., obtaining necessary offsite access) as determined by the NJDEP.

INELIGIBLE PROJECT COSTS

- ◆ Costs related to contaminants other than petroleum products.
- ◆ Costs covered by insurance.
- ◆ NJEDA application and NJDEP oversight fees.
- ◆ All costs associated with aboveground storage tanks, except replacement of a leaking homeowner heating oil tank.
- ◆ Conversion to natural gas.
- ◆ Costs for pumps, islands, paving, canopies, signs, landscaping, lighting, utility lines.
- ◆ Repair of any structure, road, yard or land damaged during a tank closure, upgrade or remediation.
- ◆ Fill that exceeds the amount of contaminated soil removed.
- ◆ Remedial activities that do not comply with the Technical Rules for Site Remediation, N.J.A.C.7:26E.
- ◆ Applicant's time spent in planning, administering or supervising the remediation.
- ◆ Preparation of the MOA, the UST Fund application and administration of the funds.
- ◆ Legal fees/costs not directly associated with remediation as determined by the NJDEP.